

**MINUTES OF REGULAR MEETING
OPEN SESSION
ILLINOIS GAMING BOARD
OCTOBER 15, 2008
CHICAGO, ILLINOIS**

NOTE: ITEMS IN **BOLDFACE PRINT** REFLECT OFFICIAL BOARD ACTIONS

On Wednesday, October 15, 2008 a Regular Meeting of the Illinois Gaming Board ("Board") was held in the conference room of the Gaming Board Offices on the 3rd floor at 160 N. LaSalle, Chicago, Illinois.

On Wednesday, October 15, 2008 at approximately 9:30 a.m. the following Board Members were present: Chairman Aaron Jaffe, Members Charles Gardner, Eugene Winkler, Joseph Moore and James Sullivan.

At 9:45 a.m. on Wednesday, October 15, 2008, Member Gardner called the meeting to order. Pursuant to Section 2(c), paragraphs (1), (4), (11), (14) and (21) of the Open Meetings Act and Section 6(d) of the Riverboat Gambling Act, Member Gardner moved that **the Board retire to Closed Session to discuss the items listed under Closed Session on today's agenda and relating to the following subject matters:**

1. **Pending Litigation and matters involving probable litigation;**
2. **Investigations concerning applicants and licensees;**
3. **Personnel matters; and**
4. **Closed session minutes.**

Member Winkler seconded the motion. The Board approved the motion unanimously by roll call vote. The Board remained in Closed Session until approximately 1:00 p.m. The Board went into open session at 1:25 p.m.

APPROVAL OF MINUTES

Member Moore moved that **the Board approve the closed session minutes of its Regular Meeting of September 15 and 17, 2008.** Member Gardner seconded the motion. The Board approved the motion unanimously by roll call vote.

Member Moore moved **that the Board approve the open session minutes of its Regular Meeting of September 17, 2008.** Member Gardner seconded the motion. The Board approved the motion unanimously by roll call vote.

ADMINISTRATOR'S REPORT – no motion

Administrator Ostrowski announced that Argosy Casino Alton will be sponsoring a diversity networking event on October 22, 2008. The Administrator also stated that Board and staff will be announcing the proposals for the 10th license, and they will be announced at the end of the open session meeting.

OWNER LICENSEE ITEMS

Frank Quigley the General Manager of the Empress Casino in Joliet, Illinois spoke before the Board and briefed them about the construction renovation project.

The renovation will be refurbishing the interior of the Empress Casino. Hand outs were mailed to the Board for their review of the proposed project. One of the proposed renovations will include the Hi-Limit gaming area and the VIP Lounge area, which will be doubled in size.

Frank Quigley introduced Mr. Foster of RGMA which is a management consulting firm, Mr. Foster addressed the Board. The firm will assist with the strategies and the development of the construction process to ensure that the opportunities exist for the awarding of contracts through a diversified network of firms.

Tom Thanas, City Manager, addressed the Board. The City of Joliet, Harrah's and the Empress are part of a partnership, the City of Joliet is very supportive with the renovation that will take place at the Empress Casino.

- **MGM – Tracinda Pledge Agreement**

Pursuant to section 3000.260 of the Board's Adopted Rules Member Gardner moved to **waive the two-meeting rule required by section 3000.105(e) of the Rules to permit Tracinda Corporation to present its request to pledge additional MGM shares.** Member Winkler seconded the motion. The Board approved the motion unanimously by roll call vote.

Member Gardner stated that the request was to pledge 50 million shares where in fact there is a total of 147 million shares. In order to avoid another 2-meeting rule waiver, the Board is proposing that the request be granted with an additional opportunity to pledge additional shares should the markets worsen; up to the total amount remaining, provided that any pledge of MGM shares do not replace other assets that are already pledged.

- **MGM – Tracinda Pledge Agreement**

Pursuant to Section 235(d) of the Board's Adopted Rules, Member Gardner moved to **approve Tracinda Corporation's request to pledge 50 million additional MGM shares to Bank Of America N.A., pursuant to the Pledge Agreement approved by the Illinois Gaming Board and the Administrator on June 24th and June 30, 2008 on condition that those additional pledged shares will not replace other Tracinda**

Corporation's assets that collateralize the \$600M Revolving Credit Facility with Bank of America, N.A.

In addition, Member Gardner moved **to delegate to the Administrator the authority to approve additional requests by Tracinda Corporation to pledge the balance of Tracinda Corporation's current ownership of MGM stock in connection with Tracinda Corporation's \$600M Revolving Credit Facility with Bank of America, N.A. on condition that those additional pledged shares also will not replace other Tracinda Corporation's assets that collateralize the \$600M Revolving Credit Facility with Bank of America, N.A.** Member Winkler seconded the motion. The Board approved the motion unanimously by roll call vote.

- **Grand Victoria Casino – License Renewal**

Pete Liguori addressed the Board and was open to any questions that the Board members may have. Member Moore stated that he was disappointed on the percentage of dollar amounts associated with the minority spending. The percentage of dollars and the total amount of dollars was down from the prior year. Member Moore stated that the managerial and professional level jobs do not reflect an increase in minority hiring.

Mr. Liguori stated that the percentages are based on the surrounding communities in the area. However, there is always room for improvement and there will be definite improvement in the percentages.

Member Gardner stated that the percentages dropped significantly since 2006. Member Moore stated that the hiring level regarding men and women of color and women; there is a need for improvement.

Member Gardner stated that 75% of the money was spent on vendors from the Illinois area; the Board was appreciative of that. The 10% for both MBE and WBE vendors remains constant year to year but in 2007 for MBE's you spent only a little over 1 ½% on MBE and 8% on WBE compared to 2006 when 5% on MBE's and 3% on WBE's.

Based on a review of staff's investigation and recommendation, Member Winkler moved that **the Board approve the Owner's License of the Elgin Riverboat Resort d/b/a Grand Victoria Casino for a term of 4 years expiring in October 2012.**

Furthermore, **staff recommends that the Board designate the following business entities, individuals and positions as Key Persons of Elgin Riverboat Resort d/b/a Grand Victoria Casino:**

1. Daniel Azark;
2. Karl J. Breyer;
3. Marshall E. Eisenberg;
4. Gary N. Jacobs;
5. Kirk Kerkorian;
6. Peter M. Liguori;
7. William T. Martin;
8. James J. Murren;
9. Nicholas J. Pritzker;
10. Thomas J. Pritzker;
11. Martha A. Sabol;
12. RGB, LP
13. HCCA Corp.;
14. PG Investors LP
15. RGB Investors LP
16. Nevada landing Partnership;
17. MSE, Inc.;
18. DGI, Inc.;
19. Mandalay Resort Group;
20. MGM Mirage and
21. Tracinda Corp.

Member Gardner seconded the motion. The Board approved the motion unanimously by roll call vote.

- Harrah's Corporation – Dennis Gallagher, VP Regulatory Compliance – Key Person

Based on a review of staff's investigation and recommendation, Member Moore moved that **the Board approve Dennis Gallagher as a Key Person for Des Plaines Development Limited Partnership d/b/a Harrah's Joliet Casino in his position as Vice President/Chief Regulatory and Compliance Officer at Harrah's Entertainment, Inc.** Member Winkler seconded the motion. The Board approved the motion unanimously by roll call vote.

- Casino Queen – Jeffrey Watson, Assistant General Manager – Level One

Based on staff's investigation and recommendation, Member Moore moved that **the Board approve Jeffrey Watson as an Occupational Licensee Level 1 in the position of Assistant General Manager at the Casino Queen, Inc. in East St. Louis, Illinois.** Member Gardner seconded the motion. The Board approved the motion unanimously by roll call vote.

OCCUPATIONAL LICENSES APPROVALS & DENIALS – LEVEL 2’S & 3’S –

Based on staff's investigation and recommendation, Member Gardner moved that **the Board approve 43 applications for an Occupational License, Level 2, and 118 applications for an Occupational License, Level 3.**

Further, Member Gardner moved that **the Board direct the Administrator to issue a Notice of Denial to the following individuals who received notice that staff intended to recommend denial and either did not respond or provide additional information to rebut the recommendation.**

- 1. Terrance J. Teague;**
- 2. Jessica Defrieze;**
- 3. Christina A. Lewis;**
- 4. Kerry J. Sibley and**
- 5. Nicole Cleveland.**

Member Winkler seconded the motion. The Board approved the motion unanimously by roll call vote.

PROPOSED COMPLAINTS AND DISCIPLINARY ACTIONS –

- Javier A. Vargas – Occupational Licensee

Based on staff's investigation and recommendation, Member Winkler moved that **the Board issue a Disciplinary Complaint against Javier A. Vargas, an occupational licensee, for failing to disclose an April 28, 2008 arrest and a May 28, 2008 conviction.**

Further, Member Winkler moved that **the Board suspend Javier A. Vargas' occupational license for 10 days without pay. Said action to take effect twenty-one (21) days from the date of service of the complaint unless the licensee files an Answer within that time period.** Member Gardner seconded the motion. The Board approved the motion unanimously by roll call vote.

- Barbara A. Hester - Occupational Licensee

Based on staff's investigation and recommendation, Member Winkler moved that **the Board issue a Disciplinary Complaint against Barbara A. Hester, an occupational licensee, due to her admission in writing that she failed to turn in \$100.00 in U.S. currency that she found in violation of Harrah's Joliet internal controls.**

Further, Member Winkler moved that **the Board revoke Barbara A. Hester's occupational license. Said action to take effect twenty-one (21) days from the date of service of the complaint unless the licensee files an Answer within that time period.**

Member Moore seconded the motion. The Board approved the motion unanimously by roll call vote.

- Eugene Friscia – Occupational Licensee

Based on staff's investigation and recommendation, Member Winkler moved that **the Board issue a Disciplinary Complaint against Eugene Friscia, an occupational licensee, for his failure to disclose that he was a defendant in a 2004 lawsuit in which he was accused of fraud, conversion and unjust enrichment. Additionally, Friscia failed to disclose that on January 18, 2008, he was found liable for fraud, conversion and unjust enrichment. Finally, Friscia has failed to disclose outstanding tax liens from 2000, 2001 and 2002.**

Further, Member Winkler moved that **the Board revoke Eugene Friscia's occupational license. Said action to take effect twenty-one (21) days from the date of service of the complaint unless the licensee files an Answer within that time period.** Member Moore seconded the motion. The Board approved the motion unanimously by roll call vote.

Chief Counsel Michael Fries, addressed the public referencing the 10th license. Mr. Fries is the IGB project manager. Mr. Fries stated that the details of all bids will be posted on the web site at the end of the day. On October 14, 2008 the Board received 7 applications for the 10th License. The IGB received 65 boxes of materials pertaining to these proposals. With the help of Credit Suisse, staff spent last evening and this morning giving the applications a very preliminary review. Chief Counsel Fries cautioned everyone not to read too much into the financial information that is revealed during this meeting to the public. The applications are detailed and complex and contain a great deal of information and may or may not increase the value of that particular application. No one should assume that any one applicant has an advantage over another applicant based solely on the amount of the initial application fee offer. During the next few weeks there will be a review of the applications. The applications and the materials submitted with the applications are confidential. Pursuant to the Riverboat Gambling Act they are not subject to disclosure. These proposals are announced in the order in which they were submitted to the Gaming Board.

Mr. Fries stated that there were 7 proposals received. They are as stated:

1. Calumet Gaming, LLC
Equity shareholders: Joe Canfora, Gary Grasso
Site: Torrence Avenue 1 mile north of the intersection of I-80 and I-94 in Calumet City.
Initial Application fee: \$150M
2. Midwest Gaming & Entertainment LLC

Equity shareholders: High Plains Gaming LLC
Neil Bluhm, Andrew Bluhm, Leslie Bluhm, Meredith Bluhm-Wolf, Gregory Carlin and 4
Bluhm family related trusts
Site: Northwest quadrant of Des Plaines River Road and Devon Avenue in Des Plaines
Initial Application fee: \$100M

3. Trilliant Gaming Illinois LLC
Equity shareholders: Alex Yemenidijian, Armenco Holdings LLC,
Onex Corporation, Onex Partners GP Inc.
Site: west of River Road between Balmoral and Bryn Mawr Avenue and fronting I-294
in Rosemont
Initial Application fee: \$435M
4. Hawthorne Gaming LLC
Equity shareholders: Joe Canfora, Estate of Thomas Carey
Site: 3501 S. Laramie in Stickney, on or near the existing Hawthorne Race Course
Initial Application fee: \$150M
5. CCH Gaming Partners LLC
Equity shareholders: Lafayette Gatling, Marguerite Gatling, Michael Reschke, Steven
Craig
Site: at Cicero Avenue and 167th Street, near the convergence of I-57 and I-80
Initial Application fee: \$60M
6. Waukegan Gaming, LLC
Equity shareholders: SL BDK Waukegan LLC (Richard Stein, Alan Ludwig, Charles
Bidwell, Edward Duffy, Jeffrey Krol), Clairvest Group Inc., Gaming Investment Fund
LLC, Michael Pizzuto
Site: the former Lakehurst Mall site near Waukegan Road and Route 120 in Waukegan
Initial Application fee: \$225M
7. SouthSide Casino LLC
Equity shareholders: David Handlon, James Griffin, Satish Gabhawala, William Krug,
Jonathan Harris, John Argianis, William Tsourapas
Site: Northwest corner of the interchange adjacent to intersection of I-80/294 and
Halsted Street in Harvey
Initial Application fee: \$175M

Mr. Fries stated that the applications will be reviewed over the course of the next several weeks. On a date to be determined the Board will announce three (3) finalists. Shortly thereafter on a day to be determined the three (3) finalists will each make a public presentation to the Board regarding its respective application for the 10th license. Shortly thereafter the public will be given an opportunity to comment and the Board remains committed and intends to issue the 10th license by the end of this year.

The Chairman commented on the hard work that the staff has put forth. Member Gardner also commended Credit Suisse on their hard work.

ADJOURNMENT -

At 2:07 p.m. Member Winkler motioned to reconvene into closed session while Member Gardner seconded the motion. All Members voted in favor to reconvene to closed session.

Respectfully submitted,

Mary C. Boruta
Secretary to the Administrator